

Message Text

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21-12

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 L-03 CIAE-00 COME-00 DODE-00

FMC-04 INR-10 NSAE-00 RSC-01 CG-00 COA-02 DLOS-06

DOTE-00 DRC-01 TRSE-00 /050 W

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R 020852Z NOV 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 8941

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E.O. 11652: N/A

TAGS: ETRN, RP, US

SUBJECT: PHILIPPINE SHIPPING DISCRIMINATORY MEASURES

REF: STATE 196701 AND 214813

1. SURVEY OF SEVERAL REPRESENTATIVES U.S. SHIPPING LINES
PRODUCED FOLLOWING INFORMATION REGARDING PHILIPPINE
DISCRIMINATORY MEASURES:

A) DISCRIMINATORY TAX: U.S. CARRIERS HAVE PETITIONED
BUREAU OF INTERNAL REVENUE AND DEPARTMENT OF FINANCE FOR
REDUCTION IN TAX AND MATTER REPORTEDLY IS UNDER STUDY BY
GOP. CARRIERS SEE LITTLE LIKELIHOOD THAT TAX WILL BE
REDUCED OR ELIMINATED AND CONSENSUS IS THAT TAX WILL ULTIMATE-
LY LEAD TO INCREASED CONFERENCE RATES FOR OUTBOUND SHIPMENTS.

B) CCC SHIPPING: AS REPORTED MANILA 9267, CENTRAL
BANK CARGO PREFERENCE PROVISION ON CCC SHIPMENTS REMAINS
INOPERATIVE, ALTHOUGH ONE U.S. SHIPPING REP NOTES THAT OTHER
WAYS ARE FOUND TO ENCOURAGE USE OF PHILIPPINE FLAG
CARRIER, REPORTEDLY INCLUDING REBATES TO CONSIGNEE. HOWEVER,
REBATES AND THE LIKE EXISTED LONG BEFORE CB MEMO AND
EMBASSY SOURCES STATE THAT FLAG PRESSURES HAVE NOT
INCREASED NOTICEABLY.

C) PESO PAYMENTS FOR FOB SHIPMENTS: CENTRAL BANK
CIRCULAR NO. 379 (AUGUST 21, 1973) STATES THAT QUOTE ALL
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PAYMENTS FOR FREIGHT CHARGES COVERING PHILIPPINE IMPORTS

LOADED ON BOARD PHILIPPINE FLAG VESSELS AND/OR ALIEN FLAG
VESSELS WHICH ARE OPERATED OR CHARTERED BY PHILIPPINE
RESIDENTS MAY BE MADE IN THE PHILIPPINES IN PHILIPPINE PESOS
OR IN U.S. DOLLARS. HOWEVER, PHILIPPINE RESIDENT OPERATORS
OR CHARTERERS SHALL ACCEPT PHILIPPINE PESOS OFFERED AS
PAYMENT IN THE PHILIPPINES FOR SUCH FREIGHT. UNQUOTE.
U.S. FLAG CARRIERS INTERPRET THIS TO MEAN THAT THEY HAVE
OPTION TO REQUEST PAYMENT (OR PREPAYMENT) IN DOLLARS. SOME
CARRIERS HAVE ACCEPTED OCCASIONAL PAYMENT IN PESOS WHICH
THEY APPLY TO LOCAL COSTS; OTHERS CONTINUE TO OPERATE
EXCLUSIVELY ON THE BASIS OF FREIGHT PREPAID IN THE U.S.
COMMENT: CONSENSUS OF CARRIERS IS THAT BIGGEST PROBLEM IS
DISCRIMINATORY SHIPPING TAX WHICH THEY CLAIM MAKES TOTAL TAX
BITE ON FOREIGN CARRIERS (4.5 PERCENT ON GROSS) HIGHEST IN
ASIA.
SULLIVAN

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